**Passage 2**

In any country, the wages commanded by the laborers who have comparable skills but who work in various industries are determined by the productivity of the least productive unit of labour, i.e.the unit of labour which works in the industry which has catatest economic disadvantages.We will represent the various opportunities of [employment](http://www.bestsamplequestions.com/act-sample-questions/act-sample-questions-reading/act-sample-questions-reading-1.html) in a country like united states by Symbols.A standing for a group of industries in which we have exceptional economic advantage over foreign countries; B for a group in which our advantages are less; E , one in which they are still less; D, the group of industries in which they are the least of all.

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When our population is so small that all our labour can be engaged in the group represented by A, productivity of labour and (therefore wages) will be at their maximum.when our population increases so that some of the labour will have to work in group B, the wages of all labour must decline to the level of productivity in that group.But no employer, without government aid, will yet be able to afford to hire labour to exploit the opportunities, represented by E and D, unless there is a further increase in population.

But suppose that the political party in power holds the belief that we should produce everything that we consume, that the opportunities represented by E and D should also be exploited.The commodities, that the industries composing C and D will produce have been hitherto obtained from abroad in exchange for commodities produce by A and B.The government now renders this difficult by imposing high duties upon the former class of commodities.This means that workers in A and B must pay higher prices for what they buy, but do not receive higher prices for what they sell.

After the duty has gone into effect and the prices of commodities that can be produced by C and D have risch sufficiently enterprises will be able to hire labour at the wages prevailing in A and B and establish industries in C and D.So far as the remaining labours in A and B buy the products of C and D ,the difference between the price which they pay for these product and the price they would pay it they were permitted to import those products duty-free is a tax paid not to the government, but to the producers in C and D, to enable the later to remain in business.It is on uncompensated deduction from the natural [earnings](http://www.bestsamplequestions.com/act-sample-questions/act-sample-questions-reading/act-sample-questions-reading-1.html) of the labourers in A and B.nor are the workers in C and D paid as much, estimated in purchasing power as they would have received if they had been allowed to remain in A and B under the earlier conditions.

Following are some ACT sample questions on this passage:

1. **The authors main point is that**
   1. The government ought to subsidize C and D
   2. Wages ought to be independent of international trade
   3. It is impossible to attain national self sufficiency
   4. The varying productivity of the various industries leads tot he inequalities in wages of workers in these industries
   5. A policy that draws labour from the fields of catater natural productiveness to fields of lower natural productiveness tends to redirect purchasing power.
2. **No employer, without government aid will yet be able to afford to hire labour to exploit the opportunities represented by C and D because**
   1. The population has increased
   2. Productivity of labour is not at the maximum
   3. Productivity would drop correspondingly with the wages of labour
   4. We cannot produce everything we consume
   5. Enterprises would have to pay wages equivalent to those obtained by workers in A and B while producing under catater disadvantages.
3. **When C and D are established, workers in these industries**
   1. Receives wages equal to those workers in A and B
   2. Receives higher wages than do the workers in A and B
   3. Are not affected so adversely by the levying of duties as are workers in A and B
   4. Must be paid by government funds collected from the duties on imports.
   5. Receive lower wages than do the workers in A and B.
4. **We cannot exploit C and D unless**
   1. The producers in E and D are compensated for the disadvantages under which they operate.
   2. We export large quantities of commodities produced by A and B
   3. The prices of commodities produced by A and B are raised
   4. The productivity of labour in all industries is increased
   5. We allow duties to be paid to the producers in C and D rather than to the government.